The "Ponzi" Ghost: How an Unelected Receiver Ripped Up a Binding Final Judgment to Feed an Insatiable Billing Machine

Imagine you get into a dispute with the SEC. You hire attorneys, spend millions of dollars defending yourself, and eventually negotiate a formal settlement. The government signs on the dotted line, the Receiver agreed to the settlement, and the federal judge signs an official, binding Final Judgment. The case is officially marked CLOSED by the court docket. You believe the rules of law apply. You believe that when the United States government signs a contract, that contract means something.

Then, seventeen months pass.....

Out of nowhere, an unelected court appointed receiver whose law firm gets paid by the hour out of the very assets he seized marches back into court. He decides he does not like the settlement. He decides he wants to tear up the Final Judgment and brand the entire company an illegal "Ponzi scheme" after all, a claim the Securities and Exchange Commission (SEC) explicitly abandoned years earlier to secure the deal.

And the judge? Instead of enforcing the law, he rubber-stamps the receiver's request, brushing aside the federal rules of civil procedure, established accounting principles, and the constitutional guarantee of Due Process.

If a federal final judgment can be shredded seventeen months after the fact simply because a receiver needs new reasons to bill fees, then no settlement with the United States government is worth the paper on which it is printed.

The Bait-and-Switch: How the Deal Was Sealed (And Later Destroyed)
To understand how shocking this is, you do not need a law degree. You only need basic common sense.

When the SEC first sued Par Funding in 2020, it never alleged a Ponzi scheme. A Ponzi scheme means there is no real business, it means older investors are paid off entirely using money stolen from new investors, with nothing of value being generated.

Par Funding was not that. It was a high-volume merchant cash advance business that collected millions of dollars weekly from real-world businesses across the nation. The defendants agreed to a settlement called a "Consent Judgment". They agreed to let the

court determine disgorgement amounts without admitting or denying the SEC's allegations. And the only reason the defendants agreed to any settlement AT ALL and decided not to test the accusations at trial is because Judge Rodolfo Ruiz in the Southern District of Florida ruled that Joseph LaForte was prohibited from testifying at his own trial.

Then came the first bait-and-switch: In 2022, the SEC tried to sneak unpled "Ponzi" allegations into its penalty briefings to inflate the numbers.

The defense was appalled. They immediately filed a motion demanding to withdraw from the settlement entirely and go to an open jury trial. They said: If you are going to call this a Ponzi scheme, put on your proof before a jury.

Faced with a collapse of their settlement, the SEC backed down. They formally agreed to strip every single reference to a "Ponzi scheme" from their filings.

Following an extensive evidentiary hearing, U.S. District Judge Rodolfo Ruiz II entered an Amended Final Judgment on November 23, 2022. The Court officially recognized that Par Funding was a legitimate business entity entitled to more than $64 million in real business expense deductions under the Supreme Court's Liu standard. Judge Ruiz explicitly rejected the SEC's attempts to compare Par Funding to actual, massive Ponzi schemes like Woodbridge.

The court entered final judgment against the defendants and ordered the case administratively closed. The deal was done. The liability was set. The chapter was legally closed.

17 Months Later: The Receiver Takes Over the Court

Under the Federal Rules of Civil Procedure, a final judgment is sacred. If a party wants to change or undo a final judgment, the law provides strict, narrow vehicles: Rule 59(e) (which must be filed within 28 days to correct manifest errors) and Rule 60(b) (which requires extraordinary circumstances, like newly discovered evidence that couldn't have been found earlier, and must be brought within a reasonable time, usually under a year).

Receiver Ryan Stumphauzer did not file under Rule 59. He did not file under Rule 60. He completely ignored the Federal Rules of Civil Procedure.

Instead, seventeen months after final judgment was entered, the Receiver filed a summary claims motion asking Judge Ruiz to simply declare CBSG a "Ponzi scheme".

(An important point for our readers to remember as in the Final Judgment Judge Ruiz ruled that the company had legitimate business expenses. So now the Receiver is trying to declare CBSG/Par Funding a Ponzi scheme when Judge Ruiz already granted legitimate offsets for the company's legitimate expenses.)

And why would a receiver want a Ponzi label that the government itself dropped, and the Judge ruled that the business was legitimate 17month prior?

Because an ordinary receivership eventually ends. Once an administrator collects the receivables and sells the real estate, the business is liquidated, and the hourly billing machine shuts down.

A "Ponzi" label, however, is a financial goldmine for a receiver.
Under equitable receivership law, declaring a company a Ponzi scheme instantly gives the receiver standing to file dozens, or even hundreds, of aggressive claw back lawsuits against earlier investors. Innocent mom-and-pop noteholders, retirees, and sales brokers who received contractual interest payments are suddenly branded "net winners". The receiver can sue them all, demanding they return their legitimate interest payments as alleged "false profits". This is a huge financial windfall to the Receiver paid directly from the estate's money that belongs to noteholders and defendants.

Every single claw back lawsuit means more billable hours, more motions, more depositions, and more court appearances. All billed at hundreds of dollars an hour directly out of the estate's bank accounts before the noteholders ever see their money.

Phony In-House Math vs. GAAP Independent Accounting
How did the Receiver convince the court to declare a thriving company a Ponzi scheme when real accounting standards showed the exact opposite?

He could not use a reputable, independent forensic accounting firm, because no reputable CPA firm would openly shred Generally Accepted Accounting Principles (GAAP).

Instead, the Receiver relied on a declaration from Yale Scott Bogen, an insider who works for Development Specialists, Inc. (DSI), the very firm embedded with the Receiver that has already extracted well over $15 million from the estate professional fees!

(To our readers, as we have previously explained, the Receiver, Ryan K. Stumphauzer completely ignored the Federal Rules of procedure, but ordinarily courts will listen to motions from Receiverships when newly discovered evidence that could not have been found earlier of course within a reasonable time frame have been uncovered. This is not newly acquired evidence. The only thing new about this report is the name on top of the paper, Yale Bogen, who was replaced by Bradley Sharp. He just replaced Bradley Sharps name at the top of the report. It is still a cash analysis and a non-GAAP accounting report and is not worth the paper it is written on. Of course, corrupt Judge Ruiz approved the motion which proves he is either incompetent or complicit.)

Bogen's report was an accounting hit job that completely violated GAAP rules and is the mirror image of the Sharp report which Bogen's boss, Bradley Sharp authored:
-The Artificial Liquidation Trick: Under GAAP, an ongoing operating business must be evaluated on an accrual basis, matching revenues earned against expenses incurred over time. Bogen and the government's consultants abandoned this, using an improper cash-basis liquidation scenario.

-The "Ford Motor" Absurdity: The Receiver's team treated Par Funding as if all of its multi-year, 7-year notes had to be paid back instantly on a single morning in July 2020, (the day of the FBI raid) while assuming the company would cease operations and never generate another dime of revenue.

As CPA David Dunkelberger, a forensic accountant hired by the defense noted under penalty of perjury, that is the equivalent of declaring Ford Motor Company insolvent by demanding every single long-term bond be paid back tomorrow morning while assuming Ford will never sell another truck. Even the trucks on the lot.

-The Granular Reality: Independent forensic CPA Joel Glick also hired by defense counsel audited the raw data, reviewing every single advance and examining over 3.8 to 4.7 million individual transactions on a first-in, first-out (FIFO) basis. The hard data proved that investor returns were paid from merchant collections not from new noteholders.

(Another note to our readers: The absurdity of the court accepting forensic reports from DSI, Bradley Sharp and Yale Bogen {neither are accountants} and are both insiders that made $15 million bilking the defendant's estate. The fact that the Judge accepted these non-forensic reports are mystifying while the defense was tasked with hiring legitimate third party real forensic auditors who would never inflate or deflate numbers because they are third party firms and are unimpeachable.)

-The COVID-19 Proof: During the height of the COVID-19 economic lockdown (March to July 2020), Par Funding raised zero dollars in new investor money. Yet, during that exact period, it paid back $20 million to noteholders and deployed roughly $180 million in advances. A Ponzi scheme physically cannot survive without a constant influx of new funds. A real business survives on its incoming receivables.

(The biggest question is if Par Funding was Ponzi scheme and during this 7-month period during the greatest pandemic of the century and arguable the worst disaster to hit small businesses in American history where did Par Funding get $200 million dollars from on top of paying millions in overhead? Par Funding's merchants are those small to mid-size businesses who were destroyed during this time period and Par Funding still managed to collect over $200 million dollars.)

**To our readers, keep in mind this Receivership has only collected $200 million in the past 6 years costing the estate $60 plus million in fees. The defendants who the government had consistently called bad actors collected more during the Pandemic over a 7-month period without raising a cent in new capital than the entire Receivership did with their so-called executives over a six-year period*.

This fabricated liquidation accounting did not just stay in South Florida civil court. It formed the foundational fiction that the Department of Justice (AUSA) exported to the Eastern District of Pennsylvania to manufacture astronomical, phantom loss numbers against Joseph LaForte distorting civil regulatory enforcement into a criminal weapon.

(Guess who the AUSA's witness was? No other than Bradley Sharp, which another Judge, Mark. A. Kearney found Sharp's Non-GAPP, Non-CPA, Non-accrual accounting acceptable!)

The Complete Breakdown of Due Process

The legal doctrines of res judicata and collateral estoppel are designed to protect citizens from endless government harassment. They state that once an issue has been litigated and decided by a competent court in a final judgment, that issue cannot be dragged back into court to be re-litigated.

Yet Judge Ruiz routinely rubber-stamped the Receiver's motions, denying the defense's offset claims, tossing aside the Dunkelberger and Glick forensic reports, and wiping out

constitutional finality without even convening a full evidentiary hearing with cross-examination.

The court permitted its own appointee to tear up an Amended Final Judgment seventeen months after entry, bypass the Federal Rules of Civil Procedure, adopt non-GAAP liquidation junk mathematics, and transform an administrative wind-down into a multi-million-dollar claw back machine targeted at innocent noteholders.

This is not administration of equity. It is a court-sanctioned Star Chamber where the receiver runs the courtroom, the SEC stays complicitly silent, and the billable hour reigns supreme.

To our readers: Do not take our word for it. Read the actual legal briefing filed on the federal docket detailing the accounting violations, the broken final judgment, and the gross overreach of the Receiver. We have posted the full Memorandum of Law in Opposition (ECF No. 1890) as Part 2 on our website at FreeJoeLaForte.com. Read the evidence yourself, examine the Dunkelberger CPA Declaration, and see how the system operates when no one is watching.

— Freedom Fighters of America